Town of North Smithfield
Budget Committee

Fiscal Impact Narrative for the
North Smithfield School Department
FY2016-18 NSTA Collective Bargaining Agreement

On April 12, 2016, a tentative contract was mutually agreed upon between the North Smithfield Teachers Association (NSTA) and the North Smithfield School Committee for the period of FY15-16 through FY17-18, subject to ratification by the Town of North Smithfield Town Council.

The terms of the tentative agreement address three primary areas:

1. Annual Teacher Salary increases (in addition to customary Step increase entitlements)
   a. FY15/16 – 1.5%
   b. FY16/17 – 1.95%
   c. FY17/18 – 2.0%

2. Modifications to the Health Care plan
   a. FY15-16: no change; $500-$1,000 deductible (Individual/Family) (50% deductible-employer cost share); 18% employee premium co-share.
   b. FY16/17: Deductible increases from $500/$1,000 to $1,000/$2,000 (Individual/Family).
   c. FY17/18: Employee premium co-share increases to 19%.

3. Non-School days/Professional development:
   a. FY15/16 – no change: one orientation day; four required professional development days.
   b. FY16/17 – no change
   c. FY17/18 - one orientation day; three required professional development days; and one optional professional development day compensated at $180 per participant.

The North Smithfield Budget Committee performed a Fiscal Impact analysis of the proposed agreement.

In summary, the 3-Year tax burden to the town associated with the proposed agreement is $2,612,393 but year one is already funded in current budget. Therefore additional tax burden for years 2 and 3 of the contract is $2,170,088 if there are no savings from the School Department to offset the increase in payroll costs. (See attached spreadsheet for details in each year of the contract.)

This includes Town savings of $294,452 due to increased employee healthcare premium contributions and co-shares.

April 24, 2016.
# NORTH SMITHFIELD SCHOOL DEPARTMENT
## FY 2016-2018 NSTA Collective Bargaining - Fiscal Impact Statement

April 24, 2016

<table>
<thead>
<tr>
<th></th>
<th>Yr 1 FY 15/16</th>
<th>Yr 2 FY 16/17</th>
<th>Yr 3 FY 17/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Salary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Step Increases only</td>
<td>1,950</td>
<td>2,113</td>
<td>2,000</td>
</tr>
<tr>
<td>Salary Raise Increases only</td>
<td>1,599</td>
<td>1,768</td>
<td>2,359</td>
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<tr>
<td>Optional Professional Development Day</td>
<td>28,440</td>
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<tr>
<td><strong>Total Salary - Increase</strong></td>
<td>376,334</td>
<td>436,308</td>
<td>475,500</td>
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<tr>
<td><strong>Associated Payroll Medicare Taxes (calculated at 1.45%)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Medicare Tax on Step Increases</td>
<td>3,149</td>
<td>3,371</td>
<td>3,062</td>
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<tr>
<td>Medicare Tax on Raise Increase only</td>
<td>2,308</td>
<td>2,316</td>
<td>3,420</td>
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<tr>
<td>Medicare Tax on Professional Development Day</td>
<td></td>
<td></td>
<td>4,124</td>
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<tr>
<td><strong>TOTAL MEDICARE TAX INCREASE (Calculated at 1.45%)</strong></td>
<td>5,457</td>
<td>6,626</td>
<td>10,606</td>
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<tr>
<td><strong>Associated Pension Increases</strong></td>
<td></td>
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<tr>
<td>Pension Step Increases only</td>
<td>34,919</td>
<td>33,828</td>
<td>32,673</td>
</tr>
<tr>
<td>Pension Cost - Raise Increase only</td>
<td>25,955</td>
<td>33,669</td>
<td>36,488</td>
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<tr>
<td>Optional Professional Development Day</td>
<td></td>
<td></td>
<td>4,000</td>
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<tr>
<td><strong>TOTAL PENSION COST INCREASE (calculated at 16.08% Yr1; and 15.47% years 2 and 3.)</strong></td>
<td>60,514</td>
<td>67,497</td>
<td>73,560</td>
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<tr>
<td><strong>Total Payroll costs increases</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Step only including Salary/Medicare/Pension</td>
<td>255,228</td>
<td>255,669</td>
<td>246,935</td>
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<tr>
<td>Raise only including Salary/Medicare/Pension</td>
<td>187,077</td>
<td>254,462</td>
<td>275,768</td>
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<tr>
<td>Optional Professional Development Day</td>
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<td></td>
<td>36,963</td>
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<tr>
<td><strong>TOTAL PAYROLL COST INCREASE PER YEAR</strong></td>
<td>442,305</td>
<td>510,131</td>
<td>559,666</td>
</tr>
<tr>
<td><strong>Fringe Benefit Decrease/Increase</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care Premium Decrease</td>
<td>(146,644)</td>
<td>(146,644)</td>
<td>(15,164)</td>
</tr>
<tr>
<td>Co-Share Savings (1% increase in Co-Share in 2018)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Deductible Reimbursement - 50% Paid by School Dept (from 500/1000 to 1000/2000)</td>
<td>0</td>
<td>7,000</td>
<td>7,000</td>
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<tr>
<td><strong>Total Insurance Benefit - Decrease</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$</td>
<td>-</td>
<td>$ (139,644)</td>
<td>$ (154,808)</td>
</tr>
<tr>
<td><strong>TOTAL NET FISCAL IMPACT</strong></td>
<td>442,305</td>
<td>370,487</td>
<td>404,858</td>
</tr>
</tbody>
</table>

### Additional Tax Burden Carried to FY17-18 from Above Impact

<table>
<thead>
<tr>
<th>2015/2016</th>
<th>2016/2017</th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional Tax Revenue Necessary from FY15-16</td>
<td>442,305</td>
<td>442,305</td>
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<tr>
<td>Additional Tax Revenue Necessary from FY16-17</td>
<td>370,487</td>
<td>510,131</td>
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<tr>
<td><strong>Total Revenue Necessary Over Impacted Fiscal Years</strong></td>
<td>442,305</td>
<td>812,793</td>
</tr>
<tr>
<td><strong>3-Year Total Contract Impact</strong></td>
<td>2,612,393</td>
<td></td>
</tr>
</tbody>
</table>

**2-Year Total Tax Revenue Requirement (assumes Year 1 Funded by Existing Budget Plus Surplus)** | 2,170,088 |